

Wheat Weekly Research Report

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Wheat Domestic Market Fundamentals

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All India's weekly average prices sharply decreased by -0.88 percent to Rs. 1967.94 per quintal during the week 24th June to 30th June 2021 compared to Rs.2040.44 per quintal in last week. Wheat average prices quoted lower by 4.93% against Rs. 2070.03 per quintal during 24th-30th June 2020. Due to imposed of PMGKAY scheme till November 2021 wheat is likely to trade steady to weak tone in coming weeks. Slow procurement activity of government will also not support prices much.

Procurement of Wheat in ongoing RMS 2021-22 is continuing smoothly in the procuring States of Haryana, Uttar Pradesh, Madhya Pradesh, Rajasthan, Himachal Pradesh, Delhi, and Jammu & Kashmir at MSP, as was done in previous seasons, and till now (up-to 24.06.2021) a quantity of over 432.58 LMT of Wheat has been procured higher against 395.34 LMT in last year in the corresponding period of time. About 49 lakh farmers have already been benefitted with MSP value of Rs.85,357 crore from the ongoing RMS procurement operations. According to FCI, there were about 19,036 wheat procurement centres during the ongoing 2021-22 rabi marketing season. Total stock of wheat in the central pool is around 587.68 LMT which is higher than buffer stock norms.

During the current Rabi marketing season, the government may exceed its revised wheat procurement target of 433.5 lakh tonnes. Bihar may extend procurement till July 15, 2021, perhaps raising the set value for the current season. This season, 16 lakh tonnes of wheat were transferred by rail from mandies in Punjab, Haryana, and Madhya Pradesh during the pick procurement period, resulting in a reduction in mandies oversupply and smooth procurement procedures.

As per ministry third estimates, India is likely to produce higher Wheat crop in 2020-21. The country may produce 108.75 million tonnes in this season which is higher by 0.89% from 107.86 from last year record amid good monsoon rain last year.

Punjab Government and agencies have procured 132.10 lakh metric tonnes of wheat, 2 lakh metric tonnes more than the target set by the state, with more than 9.5 lakh farmers receiving over Rs 23,000 crore directly into their bank accounts. It was the first time in Punjab that farmers were paid directly instead of through arhtiyas or middlemen.

The government procurement agencies in Haryana have procured total 84.93 LMT consisting 6.94 LMT by FCI and 77.99 LMT by state agency. Expecting bumper produce this year, the government had increased the procurement target.

The Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) which was announced in 2020, is being re-implemented given the worsening situation due to the second wave of Covid-19. Govt. has extended its time period till November 2021 to provide 5-kg additional food grains for free to PDS beneficiaries under the NFSA. This time, they are not providing pulses under this scheme.

Outlook & Recommendation: Wheat cash market is expected to trade range-bound movement with weak bias in the coming week.

Trade Call: There is no NCDEX trading currently.

Weather Outlook:- Fairly widespread to widespread rainfall with isolated heavy falls likely over most parts of Northeast and East India; scattered to fairly widespread rainfall along the west coast and isolated to scattered rainfall likely over remaining parts of the country except Punjab, Haryana and Rajasthan where weather is likely to be dry.

Wheat Weekly Export

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A week-on-week Exports	Quantity in MT	Average FoB (\$/T)
01-08 May-2021	133590	271.92
09-15 May-2021	67870	276.06
16-22 May-2021	89015	275.13
23-30 May-2021	179493	291.51
Total	469968	278.65

Source: Trade

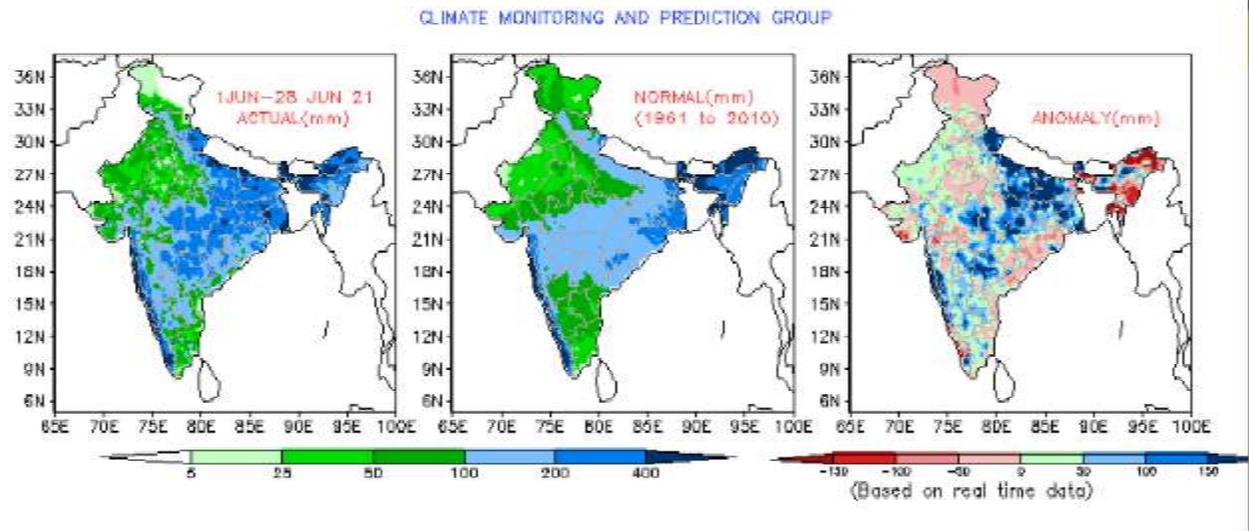
Wheat Import

Date	Origin	Port	Quantity in MT
Oct-2021	Australia, UK	Tuticorin	4.0
	Mexico		2.3
	Total		6.38

Source: Traders
 No Import so far.

Monsoon

Weekly Cumulative rainfall:

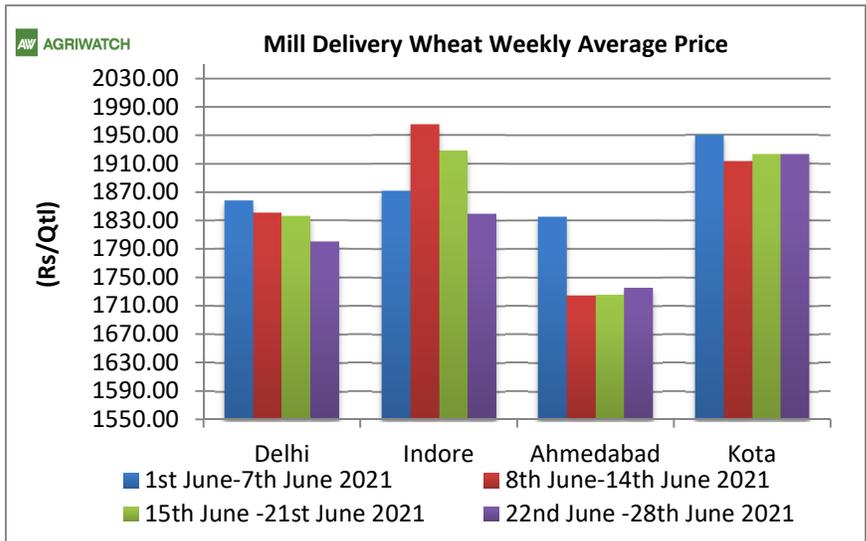


Source: IMD

Wheat Weekly Average Price Chart
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Despite the Ahmedabad market, prices fell in all of the major markets in the week ending June 22nd–28th, 2021, due to poor procurement activity and weak regular demand.

At Ahmedabad, markets were robust due to strong demand from local customers. In the immediate term, wheat is likely to trade in a range-bound to weak tone.


Wheat and Rice Stocking Norms

Wheat Stock Norms						
Fig. In Lakh Tonne	Operational Stock			Strategic Reserve		
	Rice	Wheat	Total	Rice	Wheat	Grand Total
As on						
1st April	115.80	44.60	160.40	20.00	30.00	210.40
1st July	115.40	245.80	361.20	20.00	30.00	411.20
1st October	82.50	175.20	257.70	20.00	30.00	307.70
1st January	56.10	108.00	164.10	20.00	30.00	214.10

Buffer Norms w.e.f. 01.07.2017

Procurement RMS 2021-22

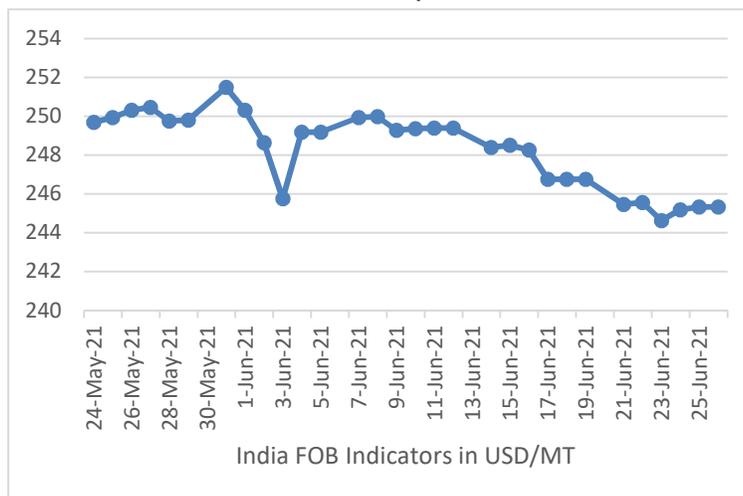
State/UTs	Procurement as of 24 th June-2021 (Figures in LMT)		
	FCI (A)	State Agency (B)	Total (A+B)
Punjab	12.19	119.9	132.09
Haryana	6.94	77.99	84.93
Uttar Pradesh	1.39	55.02	56.41
Madhya Pradesh	-	128.09	128.09
Bihar	-	4.56	4.56
Rajasthan	16.11	6.87	22.98
Others	0.6	2.91	3.51
All-India	37.24	395.34	432.58

FOB Quote for Wheat at Kandla

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The wheat FoB quote in India noticed a weak tone in the past week. Exporters are slow in wheat markets due to reducing demand from neighboring countries.

Wheat FoB quotes for Kandla are likely to witness steady to weak tone in the coming weeks and likely to hover in the range of \$240-\$244 per tonnes.



Indicative FOB Quotes:						
Wheat FOB	Variety	Today	Week Ago	Month Ago	Year Ago	% Change over Prev. Year
		25-June-21	18-June-21	28-May-21	26-June-20	
USA (Chicago)	2srw	257.57	263.26	276.12	194.55	32.39
France	FCW3	-	-	-	-	
Australia	ASW	-	-	-	-	
Russia	SRW	-	-	-	-	
India	Fob	245.32	246.75	249.75	250.40	-2.00

International Weekly Outlook:

Prices for all U.S. wheat classes have declined in this week following corn prices lower. Hard Red Winter (HRW) is down \$8/ton to \$276 on weak demand in domestic feed markets compared to last week. Soft Red Winter (SRW) is also down \$58/ton to \$257.57 on dull domestic feed demand against last week.

	25-June-21	18-June-21	28-May-21	26-June-20
Black Sea Mill Wheat 12.5% FOB Pmax. (\$/T)	-	-	-	-
Black Sea Mill Wheat 11.5% FOB Pmax. (\$/T)	-	-	-	-

NCDEX Wheat Contracts

Wheat Futures Contact: NCDEX Price

Date: 19.06.2021

Contract Month	+/-	Open	High	Low	Close	Volume	Change From previous day	Open Interest	Change From previous day
21-Jul	-	-	-	-	1729	-	-	-	-
21-Aug	-	-	-	-	1729	-	-	-	-
21-Sep	-	-	-	-	1729	-	-	-	-

Wheat Technical Analysis:

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Technical Commentary:

- Increase in price denotes wait interest in the market.
- RSI is increasing in neutral region.
- Prices closed below 9 and 18 Day EMAs.

Strategy: Stay away.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Wheat	NCDEX	Jul	-	-	1729	-	-
Pre-Market Intraday Trade Call*			Call	Entry	T1	T2	SL
Wheat	NCDEX	Jul	WAIT	1729	-	-	-

*Do not carry forward the position until the next day.

Note- Due to zero volume, there's no virtual trade in given chart.

Spot Price at NCDEX Delivery Centers:

Spot prices of wheat at NCDEX Delivery Centers					
NCDEX SPOT	Today	Week Ago	Month Ago	Year Ago	% Change over prev. Year
	26-Jun-21	19-Jun-21	26-May-21	26-Jun-20	
Indore	NA	NA	NA	1850	NA
Delhi	1796	1821	1877	1995	-9.97
Kanpur	1680	1687	NA	1915	-12.27
Rajkot	1738	1750	1750	1840	-5.54
Kota	1864	1867	1885	1902	-1.99

Domestic Market Weekly Outlook:

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Spot Market Price:							
Centre	Market	Variety	Prices (Rs/Qtl)				
			Today	Yesterday	Week Ago	Month Ago	Year Ago
			26-Jun-21	25-Jun-21	19-Jun-21	26-May-21	26-Jun-20
Delhi	Lawrence Road	Mill Delivery	1795	1795	1800	1880	2000
	Narella	Mill Quality Loose	NR	-	-	Closed	1850
	Nazafgarh	Mill Quality Loose	NR	-	-	Closed	1800
Gujarat	Rajkot	Mill Delivery	1725	1760	1720	1760	1825
	Ahmedabad	Mill Delivery	1850	1850	1840	1840	1920
	Surat	Mill Delivery	1940	1950	1945	1950	1950
	Dhrol	Mill Delivery	NA	NA	-	-	1785
M.P.	Indore	Mill Delivery	1825	1825	2000	Closed	1900
	Bhopal	Mill Quality Loose	1700	1700	1800	Closed	1760
Rajasthan	Kota	Mill Quality Loose	1775	1800	1750	1780	1800
		Mill Delivery	1925	1950	1900	1930	1950
U.P.	Kanpur	Mill Delivery	Closed	1680	Closed	1715	2000
	Mathura	Mill Quality Loose	Closed	1660	Closed	1700	1830
	Kosi	Mill Quality Loose	Closed	1680	Closed	1710	1825
	Hathras	Mill Quality Loose	Closed	1630	Closed	1710	1760
	Aligarh	Mill Quality Loose	Closed	1600	Closed	1700	1790
Punjab	Khanna	Mill Quality Loose	1800	1800	1800	Closed	1800
	Ludhiana (Jagraon)	Mill Delivery	NA	-	-	-	-
Haryana	Sirsa	Mill Delivery loose	1735	1735	1750	1775	1875
	Hodal	Mill Delivery	NA	-	-	-	-
	Bhiwani	Mill Quality Loose	1750	1750	1740	Closed	1900
	Karnal	Mill Delivery	NA	-	-	-	-
	Panipat	Mill Quality Loose	NA	-	-	-	-
	Chennai	Mill Quality	2100	2100	2100	2050	2150

Tamil Nadu	Madurai	Mill Quality	2157	2300	2300	2200	2250
	Coimbatore	Mill Quality	2157	2350	2350	2250	2300
Bihar	Khagariya	Mill Delivery	1700	1700	1600	1725	2000
	Muzaffarpur	Mill Delivery	1700	1700	1700	1750	1900

[Final Sowing Status 2020-21:](#)

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State Wise Wheat Sowing in Lakh Hectares					
State	Normal area (2021)	2019	2020	2021	% Change 2021 vs. 2020
Bihar	21.25	22.88	22.71	22.299	-1.81
Chhattisgarh	1.05	1.68	1.88	2.01	6.91
Gujarat	9.62	8.07	13.95	13.66	-2.08
Haryana	25.45	25.16	24.9	25.21	1.24
Himachal Pradesh	3.31	3.0	3.4	3.4	0.00
J&K	2.95	2.43	2.21	2.5	13.12
Jharkhand	1.84	2.15	2.11	2.31	9.48
Karnataka	1.76	2.04	1.96	1.89	-3.57
Madhya Pradesh	57.55	60	79.68	87.98	10.42
Maharashtra	10.21	5.6	10.71	11.64	8.68
Punjab	35.08	35.2	35.16	35.1	-0.17
Rajasthan	29.89	28.25	33.14	32.62	-1.57
Uttar Pradesh	97.87	99.13	99.05	99.04	-0.01
Uttarakhand	3.38	3.45	3.48	3.27	-6.03
West Bengal	2.45	1.02	2.52	1.88	-25.40
Others	NA.35	NA.23	0.09	0.1	11.11
All-India	303.27	300.35	336.42	346.35	2.95

Source: Ministry of Agriculture

International Market Update:

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U.S. winter wheat futures fell due to seasonal harvest pressure on Friday, while spring wheat contracts gained due to fears about crops wilting due to drought stress in the northern United States Plains. The most actively traded soft red winter wheat contract on the Chicago Board of Trade fell to its lowest level since April 14. * CBOT September soft red winter wheat finished at \$6.40-3/4 a bushel, down 11-1/4 cents. K.C. September hard red winter wheat was 6 cents lower at \$6.08-1/2, while September spring wheat was up 6-1/4 cents at \$8.11-1/2.

In its June 2021 report, the WASDE upped wheat production predictions in the United States. Overall wheat production is expected to reach 1,898 million bushels, up 26 million from last month, as stronger Hard Red Winter and Soft Red Winter production offset decreased White Winter production. In comparison to last month, the wheat yield is expected to increase by 0.7 bushels to 50.7 bushels per acre. Beginning stocks fell as 2020/21 shipments were increased by 20 million bushels to 985 million, owing to greater recent monthly exports. Due to the greater supplies, feed and residual use has been increased by 10 million bushels to 180 million bushels, as wheat is likely to be priced competitively with corn throughout the summer months. Ending stocks have been reduced by 4 million bushels to 770 million bushels, a reduction of 10% from the projected 2020/21 ending stocks for 2021/22.

Global wheat supplies are expected to increase by 4.3 million tons to 1,087.9 million tons, owing to increased production in the EU, Russia, and Ukraine, as world production is expected to reach a new high of 794.4 million tons. On the back of recent favorable precipitation across Northern and Central Europe, the EU has increased its quota to 137.5 million tons. Germany, France, and Romania have seen the most significant rises. Russia's production has increased by 1.0 million tons to an all-time high of 86.0 million tons.

Argentina is expected to transport 12 million tonnes of wheat in 2021/22, according to the Buenos Aires Cereals Exchange, following a higher output projection for 2021/22. Internal wheat milling should also increase by 8.3% to 6.5 million tonnes in 2021/22 under this scenario.

Wheat export prices in Russia fell last week as a result of an expected good crop in the Black Sea region. In the new 2021/22 marketing season, wheat exports in Russia, Ukraine, and Kazakhstan could increase by 5%. At the end of last week, prices for new-crop Russian wheat with 12.5 percent protein loading from Black Sea ports and for supply in July were \$248 per tonne FOB, down \$7 from the previous week, potentially boosting Russia's exports in June 2021. IKAR, an agricultural consultancy, cut its projection for Russia's wheat output in 2021 from 79.5 MMT to 80 MMT. The estimate is 500,000 tonnes greater than the previous estimate.

European Union soft wheat exports reached at 25.10 million tonnes by June 20, 2021 for the current season which is lower from 34.28 million tonnes in the corresponding period of time in last season. According to Strategie Grains, EU may grow higher soft wheat production for 2021 at 131.1 million tonnes, against 129.6 million in May'21 and 119.4 million tonnes last year. EU soft wheat exports in 2021/22 were now expected higher at 28.6 million tonnes from 27.0 million projected last month on account of improved competitiveness on the world market.

IGC Wheat Balance Sheet:

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IGC Forecast (Fig-In MMT)	2018-19	2019-20 est.	2020-21 F'cast.	2021-22 Proj.	
				29.04.21	27.05.2021
Production	732	762	774	790	790
Trade	168	184	191	185	188
Consumptions	740	744	766	782	787
Carryover stocks	260	277	285	298	288
Y-O-Y change	-8	18	7	-	3
Major Export	69	64	63	64	59

- IGC has estimated global wheat production at 790 MMT for 2021-22, same as compared to last month's estimate. According to estimates by IGC the 2019-20 global wheat production was around 762 MMT and 732 MMT for 2018-19.
- The trade estimates for 2021-22 have increased to 188 MMT. It is 3 MMT higher compared to the previous estimate however lower by 3 MMT compared to 2020-21.
- Consumption has been increased to 787 MMT for 2021-22. The forecast is higher by 21 MMT compared to 2020-21.
- Carryout for 2021-22 is forecast at 288 MMT compared to an estimate of 298 MMT in previous month. It is higher by around 3 MMT compared to 2020-21.

CBOT FUTURES CONTRACT:

CBOT Futures Prices:(USD/T)							
CONTRACT MONTH	Today	Week Ago	Month Ago	3 Month Ago	6 Month Ago	Year Ago	% Change over prev. year
	25-Jun-21	18-Jun-21	25-May-21	25-Mar-21	25-Dec-20	25-Jun-20	
Jul-21	234.03	243.49	241.20	223.56	NA	178.83	30.87
Sep-21	235.41	244.60	242.48	223.93	NA	179.38	31.23
Dec-21	238.08	246.62	244.69	226.32	NA	181.95	30.84
Mar-22	240.46	248.82	246.89	228.34	NA	205.38	17.08
May-22	241.38	249.10	246.16	229.26	NA	209.42	15.26
Jul-22	239.64	246.07	239.27	222.19	NA	212.27	12.89

CBOT Jul-21

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1st Support: 652
2nd Support: 638
1st Resistance: 704
2nd Resistance: 718
(\$ per tonne)

The July'21 contract closed lower by the end of the week likely to fall from the current level in coming week. Candlestick's pattern denotes a bearish trend in the chart. Fall in price and decrease in open interest compared to last week, interprets weakness in market. We expect wheat prices to steady to weak in the coming week.



International FOB Weekly Price Movement

Indian FoB quote is based on local prices. Indian FoB quote is being quoted at \$246.8 per tonne. There is a lot of demand for wheat in the international market, and prices are up, due to which the Indian wheat demand will also increase. Exports will increase on an average compared to last year. Export to the surrounding countries will be good, but it does not seem to be exported in all the countries.

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